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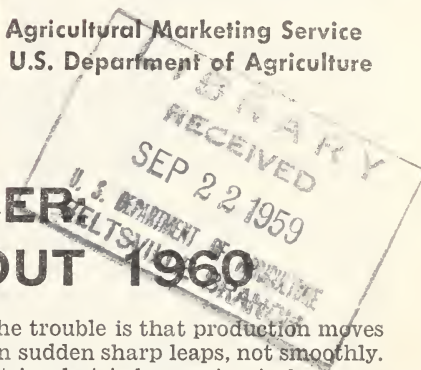


Agricultural Situation

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Agricultural Marketing Service
U.S. Department of Agriculture



MR. HOG PRODUCER THINK TWICE ABOUT 1960

Hog prices are down and their outlook for the next year is not bright. It certainly does not favor overall expansion in the hog industry.

What the outlook favors for the individual producer will, as always, depend on his operation—his facilities, his feed supply, and what it costs him to produce hogs. One thing is sure—all plans should be made with the prospect of receiving lower prices for hogs in 1960 than in the last 3 years.

What's Wrong?

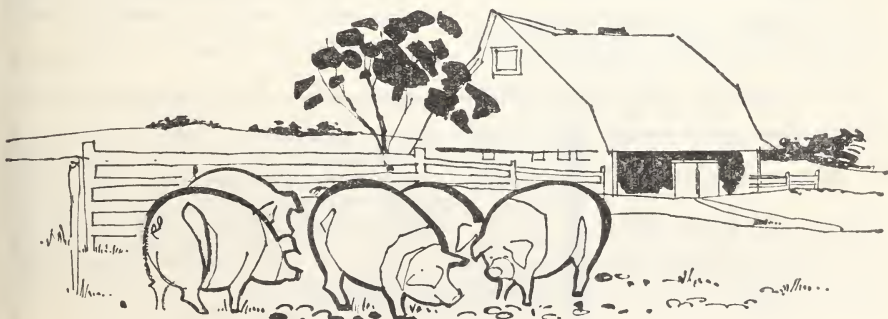
Today's rising production of hogs, as well as cattle, sheep, and chickens, is largely in response to big feed supplies and lower feed prices.

The trouble is that production moves up in sudden sharp leaps, not smoothly. That is what is happening in hog production now. Last year's pig crop—spring and fall combined—increased $7\frac{1}{2}$ percent from 1957. This year's crop is up 10 percent more, for a big increase in 2 years.

These fast increases have a marked effect on prices. Rising supplies of hogs on the market cut prices of barrows and gilts in the Midwest to \$14 per 100 pounds this past July. They were \$24 in early July 1958.

The \$14 hog price in July, normally a high price month, was an overcorrection. Prices recovered somewhat in

(continued on the next page)



HOGS—Continued

August. Nevertheless, the July break means two things. First, it signals the beginning of a period when prices of hogs will be lower than during most of the 1950's. We won't see \$20 hogs again for quite a while.

The abundance of feed at lower support prices will almost certainly result in a big livestock production that will hold all meat animal prices below recent favorable levels.

Summer Peak

The second thing that \$14 hog prices in July means is that the very high summer price peak, long a feature of trading in hogs, is probably gone forever.

Hog producers have broken away from their old habit of concentrating farrowings in a few months. Now they are distributing them more evenly throughout the year. As a result, both the old summer scarcity and the fall glut in market supplies have disappeared. To be sure, seasonal differences in supplies and prices remain, but they are less extreme than before.

For instance, note how farrowings were distributed in 1948 and in 1958:

	1948 Percent	1958 Percent
December-February	10.5	20.6
March-May	50.2	35.0
June-August	17.7	23.6
September-November	21.6	20.8

In 1948 half of all farrowings were in March, April, and May. Now only a third are in those months. December, January, and February were low in 1948. Since then that period's share has doubled.

In one sense, smoother seasonal farrowings merely move a few dollars of

price from one season to another. On the other hand, stability in the supply and price of pork strengthens the demand for it. So there is a benefit in smoother farrowings.

Marketing of hogs from the large 1959 pig crops began only recently. Because numbers marketed will be consistently larger, prices will be lower in the next 12 months than in the past year.

But because of smoother seasonal supply, prices are not expected to bounce around much in the year ahead. Instead, they may hug fairly close to the lower level now being established.

This fall, for instance, prices probably will fluctuate within a rather narrow range. Their low, which could occur as early as October, will be lower than the July price. Prospects are, however, that prices won't approach the December 1955 low of about \$10.50.

Nine percent more fall pigs are planned by farmers. Market supplies of hogs next fall and winter may not be up as much as last winter. Then marketings were increased by an unusually large number of spring-farrowed hogs held for delayed sale. But even so, lower prices than this past winter and spring are foreseen.

The big question concerns prospects for the spring crop of 1960, and for prices when hogs from that crop are marketed in the fall.

Several factors point to an increase in spring farrowings in 1960. Low hog prices will tend to choke off a rise, but may not prevent it entirely.

Fall

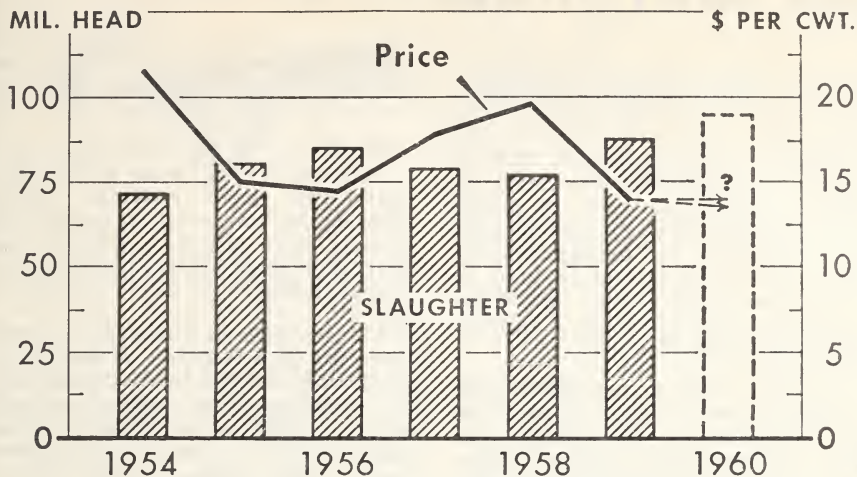
A further increase in farrowings next spring would seriously endanger hog

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HOG SLAUGHTER & PRICES



PRICES RECEIVED BY FARMERS 1959 SLAUGHTER AND PRICE ARE PARTLY FORECAST
1960 SLAUGHTER IS FORECAST, BASED ON 1959 FALLOWINGS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 7438-59 (8) AGRICULTURAL MARKETING SERVICE

HOGS—Continued

prices in the fall of 1960. Prices this fall, at best, will be on the borderline of acceptability. If more pork were to be produced by next fall, price problems would be multiplied.

More pork next year would probably reduce hog prices further. The hog market is sensitive to changes in supply. Since the end of World War II, an increase of 10 percent in pork supply per person has resulted in 22 percent reduction in the price of hogs. Moreover, pork will meet more competition from beef next year, as cattle slaughter rises.

Reward

To the industry as a whole, there would be a reward for avoiding over-expansion in 1960. To hold production steady, or cut it back a bit, would set the stage for a price upturn. After 2 years of decline, recovery late in 1960 would be most welcome.

Harold F. Breimyer
Agricultural Economics Division, AMS

Recent USDA Publications

The Packers and Stockyards Act—What it is, how it operates. PA-399. 10 pages.

If you're buying or selling livestock or poultry you'll want to get hold of this handy little leaflet. All interstate transactions in cattle, sheep, swine, horses, mules, goats, and poultry are subject to the provisions of the act. This leaflet explains—in everyday English—what the act is all about.

Questions and Answers on Federal Milk Marketing Orders. AMS-122. 14 pages.

This booklet is a must if you're interested in Federal milk marketing orders. It explains what an order is, how it operates, and what it means to farmers and others. Here are some of the questions it answers: Who is regulated by an order? How is milk priced under an order? How is action on establishing an order first started?

You may obtain a free copy of these publications by writing to the Office of Information, U.S. Department of Agriculture, Washington 25, D.C.

FALL POTATO CROP LESS THAN LAST YEAR

It looks like we're going to have a generous supply of fall potatoes this year. The Crop Reporting Board's first forecast places the 1959 fall potato crop at 168,957,000 hundredweight, about 14 million hundredweight less than the 1958 fall crop, but over 16 million hundredweight above the 1949-57 average. The crop is 14.7 million hundredweight above the marketing guide set by USDA as ample to meet all marketing needs and yet provide a satisfactory price to the growers.

The fall crop is well distributed. Production in the eight eastern fall States (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, and Pennsylvania) is placed at 62 million hundredweight, 37 percent of the total fall crop.

In the nine Central States (Ohio, Indiana, Michigan, Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, and Nebraska) production is estimated at 40 million hundredweight, 23 percent of the total fall crop. Production in the nine western fall States (Montana, Idaho, Wyoming, Colorado, Utah, Nevada, Washington, Oregon, and California) is placed at 67 million hundredweight or 40 percent of the total fall crop. The fall crop was distributed in about the same way in 1958.

These figures include potatoes used for all purposes. In 1958, about 86 percent of the crop was sold by growers. The rest was used for seed, food, and feed on the farms where produced. In 1957, 86 percent of the fall crop was sold.

The late summer crop—also furnishing some supplies in September—has some effect on the marketing and prices of the fall crop. On August 1 the late summer crop was placed at 33,664,000 hundredweight, about 2 percent below 1958.

The marketing of the different seasonal groups varies considerably by year. In 1958 the marketing of one

group overlapped the next. This resulted in a large potential supply during much of the 1958 season.

Marketings of the 1959 crop, however, have followed a more normal pattern with most seasonal groups finishing harvest about on time. This permits more orderly marketing and prevents a large buildup of supplies at any one time.

The fall crop to August 1 has made generally good progress. However, unusually hot weather in some areas, lack of irrigation water and drought in others, affected development. And heavy rainfall in some of the Eastern States didn't do the crop any good.

The outlook for Maine, New York, Pennsylvania, Ohio, Michigan, and Wisconsin in early August was generally good. The crop in the Red River Valley of Minnesota and North Dakota needed rain for good development. Irrigation water was short in the San Luis Valley of Colorado. This will have some effect on the crop.

The crop in Idaho on August 1 was considered to be about 2 weeks later in development than in 1958. Growing conditions in Washington for the fall crop were good, but even there high temperatures during July will have some effect on yields.

Frosts were reported in some fall areas of California and Oregon in July. In other areas of those States growing conditions were very favorable.

There are still many factors that may affect the final outturn of the crop. August is a critical month in many areas. Frosts in September and freezes in October and November can damage the crop. The Crop Reporting Board's forecast is based on average conditions from August 1 to harvest. The September crop report and later estimates will take the unusual conditions into account.

Oakley Frost
Agricultural Estimates Division, AMS



OUTLOOK

Cattle

Cattle prices appear to be nearing a turning point as the buildup in numbers continues. Cattle numbers are going up about 5 million head this year. The inventory of steers and beef heifers is expected to be around a fourth greater at the beginning of 1960 than 3 years earlier. This indicates some increase in slaughter next year. A sharp gain in slaughter is unlikely since the cow herd and calf crop have not yet expanded a great deal.

Cattle numbers are likely to continue upward several more years. If expansions continue at a rapid rate, numbers could hit 115 million by 1964. A slower rate of expansion would hold numbers to around 110 million. The January 1, 1960, number is expected to be around 102 million—the previous high was 96.8 million reached in 1956 and 1959.

The beginning of a price downswing seems likely in 1960. Prices have been unusually stable so far in 1959 following a 2-year rise. This suggests they are near the high of the current cycle.

Hogs

The decline in hog prices that began last summer cut the national average price to farmers about two-fifths by mid-July. Prices improved somewhat in August but continued well below a year ago. Prices are likely to remain well below a year earlier through winter in view of a 12-percent increase in this spring's crop and the planned increase of 8 percent in farrowings for the fall crop.

Outlook for this fall points to earlier seasonal price low than usual. In the next 8 or 9 months, prices are likely

to fluctuate in much narrower range than normally.

Potatoes

Production seems likely to continue to run below last year. Fall production, which accounts for bulk of annual total, is off 8 percent from last year's surplus crop but is 11 percent above average. Late summer crop is 2 percent less than last year but an equal percentage above average.

Peanuts

Crop is down 6 percent from last year, but exceeds needs for food and farm uses. Prices probably will average near support with the Commodity Credit Corporation likely to acquire a substantial part of the crop.

Wool

Prices in July averaged 16 percent above a year earlier, reflecting improvement in demand that began late last year.

Fruit

Production prospects for deciduous fruit continued favorable through early August. The total is expected to exceed 1958 by 3 percent and 1948-57 average by 7 percent. Increased production in the West means that crops marketed in heavy volume during the late summer will be larger than in 1958.

Processing Vegetables

The supply of canned vegetables for 1959-60 is likely to be down from last season. August estimates for six vege-

(continued on the next page)



OUTLOOK

Continued

tables which usually make up the bulk of the pack indicate the total will be down 5 percent from last year. This more than offsets moderate increase in beginning stocks. For frozen vegetables, however, a moderate increase over last season is in prospect.

Fats and Oils

Record supplies of food fats are in prospect for the marketing year beginning October 1. Soybean supplies are expected to run close to last year's peak with increased stocks about offsetting lower production. Cottonseed oil production probably will be up more than a fourth and lard over a tenth. Domestic use probably will go up with population growth. But an increase in supplies means that exports will have to rise well above the high 1958-59 level of 3.2 billion pounds to avoid a big increase in stocks.

Eggs



Some seasonal egg price increase is likely in the next few months though continued heavy production is expected to hold prices below last year. In July prices were generally steady, above the June low but below a year earlier.

Feed

Supply of concentrates per animal unit for 1959-60 will about equal this year's record. Grain production is expected to be about the same as last year but carryover is up. Byproduct feed production will at least equal this year, and wheat and rye feeding probably will be near the 1958-59 rate. Total supply of all concentrates is ex-

pected to be up 9 million tons from 1958-59 total of 246 million. However, number of grain-consuming livestock also is expected to rise. July price indexes showed feed grains down 3 percent from a year earlier—high protein feeds down 13 percent.

Wheat

Prices are holding closer to support than is usual at this time of year. Adequate storage space is permitting farmers to hold wheat for later marketing. Also, less wheat is ineligible for support than last year.

Prices are likely to strengthen as usual after harvest movement slackens. Early season strength indicates 1959-60 average may exceed the \$1.72 of last year, even though support is a cent lower.

Cotton Crop Up 28 Percent From 1958

The Crop Reporting Board forecasts the cotton crop at 14,815,000 bales, 29 percent more than last year's crop, and 5 percent more than the 1948-57 average. This forecast is based on August 1 prospects.

With yield prospects good to excellent in all States, the indicated yield per acre of 474 pounds is the highest of record. The previous record high was 466 pounds in 1958. The 1948-57 average is 329 pounds.

Acreage for harvest this year, estimated at 14,991,000 acres, is about one-fourth larger than in 1958 when nearly 5 million acres were in the Soil Bank. The average for 1948-57 is 21,076,000 acres.

Preliminary reports on acreage measurements in some States indicate that underplanting of allotments this year was larger than allowed for in July.

Farmer's Share

The farmer's share of the consumer's food dollar was 38 percent in June, 1 cent lower than in May. In June 1958 the farmer's share was 40 cents.

10 ACRES?
25 ACRES?
11 ACRES?



HOW MANY ACRES SHALL I PLANT?

USDA ACREAGE-MARKETING GUIDES HELP VEGETABLE PRODUCERS DECIDE

The vegetable producer, like all farmers, has more than his share of decisions to make. One big thing he must decide is the number of acres he has to plant for a profitable season.

In recent years, USDA has been helping the grower make this planting decision by providing acreage-marketing guides. These guides serve as a rule of thumb by which the grower can adjust his acreage to meet consumer demand.

This adjustment can be pretty important. If the crop is too short, potential customers are being lost. Too big a crop means low prices for the grower.

The acreage-marketing guides are issued before the planting seasons for the major vegetable crops. They give recommended adjustments for each crop in each State, along with the background information on why the recommendation was made.

In setting up these recommendations, many things are taken into account, such as the amount of vegetables consumers are expected to buy this season, how many acres will be planted in other domestic and foreign producing areas, and trends in yields per acre.

Separate guide booklets are issued for winter vegetables and winter potatoes, spring vegetables and spring potatoes, summer and fall vegetables

for the fresh market, vegetables for processing, and summer and fall potatoes. Compliance with the guides is completely voluntary.

USDA has just issued the acreage-marketing guides for winter vegetables for 1960. The recommendations call for a 3 percent cut in total acreage for the 16 major winter vegetables. Despite this cut in acreage, estimated production of winter vegetables under the guides would be 2 percent greater than in 1959.

The guides recommend increases in specific crops to bring them into line with consumer demand; cucumber acreage upped by 65 percent; celery down 20 percent in Florida and 5 percent in Arizona and California. Lettuce recommendations call for 10 percent cut in California acreage, a 25-percent boost in Texas, and plantings equal to 1959 in all other States. Cauliflower plantings should be up two-thirds in Texas and unchanged in Florida.

The potato recommendation is for acreage unchanged from 1959. This acreage, with normal abandonment and yields, will result in a crop 9 percent larger than 1959, but 15 percent below the 5-year average.

If you're interested in a copy of the guides for winter vegetables, drop us a card and we'll send you a free copy. Our address: The Agricultural Situation, AMS, USDA, Washington 25, D.C.

THE NATIONAL SCHOOL LUNCH PROGRAM IS A BIG FARM MARKET

It doesn't take long for a schoolchild to learn that $1+1=2$. Nor does it take anyone long to realize the sum of benefits to children's health and farmers' wealth under the National School Lunch Program.

Twelve million children ate 2 billion nourishing lunches at school last year under this program. Over \$630 million was spent on food to feed them.

Local food purchases make up the largest share of the program. Over three-fourths of the food eaten in the schools is purchased locally by the individual schools. The local market for food purchases totaled \$515 million last year.

Today nutritious lunches are appearing in more than half of the Nation's schools due to efforts of the State educational agencies and the Department of Agriculture.

All of these lunches have a double value. At the same time that the program is helping schools serve more wholesome, appetizing lunches, it is also expanding markets for farm products.

The program was established by Congress in 1946. The number of schools in the program increased from 44,500 in 1946 to 60,000 last year.

Requirements

Every nonprofit private and public school in the country is eligible for assistance with its school lunches if it will: (1) Operate the lunch program on a nonprofit basis, (2) serve lunches meeting the nutritional requirements set by the Secretary of Agriculture, (3) provide lunches free or at reduced cost to needy children.

To encourage high quality lunches, Government funds are given only to those schools which serve one-third of a child's daily nutritive requirements in each lunch. Every participating child in these schools is required to receive a "type A" lunch each day—

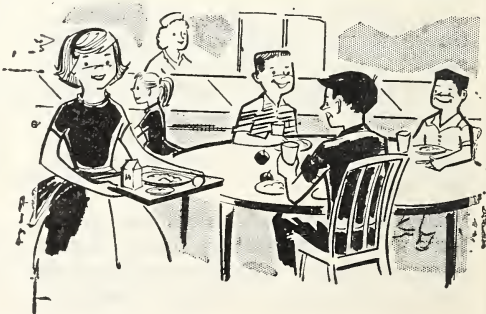
milk, fruit or vegetable, bread, butter, and a protein-rich food.

USDA uses three types of cash and food assistance to help finance the Federal Government's share of the cost of these high quality foods. (1) It gives the schools millions of dollars (70.0 in 1959) worth of farm surplus products. These include such commodities as butter, cheese, dry milk, flour, rice, and corn meal. (2) It purchases certain foods for the schools which offer high nutritive value and are good buys. Last year \$49 million was spent on canned beans, dried eggs, grapefruit sections, canned peaches, frozen pork, frozen turkey, and several other canned fruits and vegetables. (3) It gives (\$93.6 million for 1960) the States money on the basis of per capita income in the State and number of school-age children. The States pass the money along to the schools to help them buy foods for lunches locally.

Other Benefits

Besides the cash value to the farmer, the sum of his benefits under the National School Lunch Program includes more indirect factors. Since the plan emphasizes well-balanced eating and introduces the children to new foods and familiar ones in new forms, it is intended to encourage good eating habits. These habits are expected to carry over into adult life and to influence the folks at home.

Valerie Jones
Marketing Information Division, AMS



THERE'VE BEEN SOME CHANGES MADE

During the past 20 years, the processed vegetable industry has been on the march. Acreage, yields, and production are up. And there have been some important shifts in the geographic pattern of production.

Production has doubled—climbing from a yearly average of 3.5 million tons (1935–38) to 7.2 million tons (1955–58). Acreage has increased only 20 percent, but yields have gone up almost 70 percent.

Tonnage has increased in all regions except the South Atlantic. The increase in the West has been phenomenal. There, production increased more than fourfold and accounted for about two-thirds of the Nation's expansion. As a result, the western region has increased from 20 percent of the U.S. total 20 years ago to 46 percent in recent years.

Despite a big increase in tonnage, the north-central region has declined in importance—dropping from 42 percent (1935–38) of the Nation's total to about 32 percent (1955–58). The south central, north Atlantic, and south Atlantic regions have also declined in importance.

Western

Western producers upped their production of vegetables for processing from 708,000 tons (1935–38) to 3.3 million tons (1955–58). Both acreage and yield increased sharply. California improved its position as the leading State in the western region—climbing from 69 percent of the total tonnage to 78 percent.

Tonnage also increased sharply in Oregon and Washington. Each has contributed 6 to 8 percent of total production in the region. Production in the other western States, considered as a group, also was much larger. More rapid expansion in California, however, made production in these other States decline from 19 percent to less than 8 percent of the region's total.

North Central

In the North Central region production increased from 1.5 million tons (1935–38) to 2.3 million tons (1955–58)—an increase of more than 50 percent. Practically all of the increase was due to higher yield per acre.

Production was up sharply in Wisconsin, Minnesota, Michigan, Illinois, and Ohio, more than offsetting sharp declines in Indiana and in other States as a group. Wisconsin gained sharply—climbing from 14 percent of the total for the region to 29 percent. There was also a marked increase in the importance of Minnesota. Michigan and Illinois increased some in importance. Indiana declined from 31 percent of the total to 14 percent. Ohio showed some decline, but still accounted for about 11 percent of the total. Production in other States as a group declined from more than 9 percent to less than 4 percent of the total for the region.

South Central

Production of vegetables for processing in the South Central region, though relatively small, increased from 139,000 tons (1935–38) to 215,000 tons (1955–58). About two-fifths of the increase was due to larger acreage and three-fifths to higher average yield.

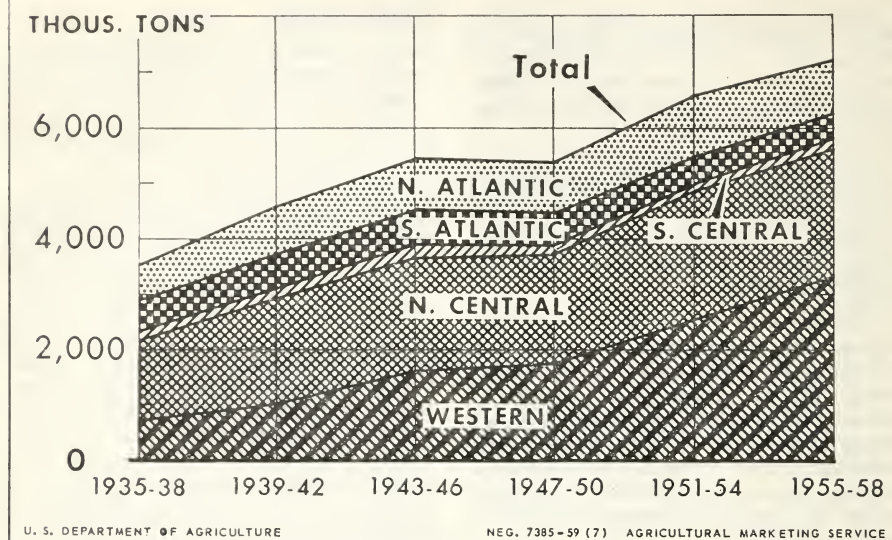
Tonnage in Texas and Oklahoma was much larger in 1955–58 than in the earlier period, but it was somewhat smaller in Tennessee and Arkansas. As a result, production in Texas gained from about a fourth of the region's total to almost half the total in recent years. Oklahoma also increased sharply in importance. During 1955–58 it accounted for 9 percent of the total. Production in Tennessee and Arkansas both declined from more than 20 to less than 15 percent of the total for the region. Other States as a group showed about the same decline in importance.

North Atlantic

Although some contraction occurred after the mid-1950's, production of
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VEGETABLES FOR PROCESSING

Trend in Production by Regions



VEGETABLES—Continued

vegetables for processing in the North Atlantic region amounted to 923,000 tons in 1955-58—38 percent more than in 1935-38. The larger production in recent years was due about equally to higher yield per acre and a larger total acreage.

Tonnage was much larger in 1955-58 than in 1935-38 in New York, New Jersey, and Pennsylvania, but was smaller in other States as a group. During the 20-year span, production in New York declined in importance from 46 to 41 percent of the total for the region. Pennsylvania showed a sharp gain and in the most recent period made up 25 percent of the total. New Jersey registered a slight increase in importance, and throughout the period accounted for more than a fourth of the total. Other States as a group declined from 11 to less than 5 percent of the total for the region.

South Atlantic

Production of vegetables for commercial processing in the South Atlantic

region tended to increase into the early 1940's, but has since decreased. Production in 1955-58 amounted to 475,000 tons, 8 percent less than in 1935-38. The average yield per acre was moderately higher than in the earlier period, but acreage was down 15 percent.

Maryland, biggest producing State in the region, lost much ground both in tonnage produced and in importance. Production in Maryland declined more than a third, and during 1955-58 made up little more than 40 percent of the total for the region compared to more than 60 percent in the earlier period. Virginia also declined in importance. Production increased rather sharply in Delaware, Florida, and other States as a group.

Production in Delaware showed some gain in importance and in the most recent period accounted for 16 percent of the total for the region. Florida and other States as a group gained rapidly. During 1955-58 Florida produced about 14 percent of the total tonnage for the region, and other States 13 percent.

Will Simmons
Agricultural Economics Division, AMS

RECORD WHEAT SUPPLY FOR 1959-60

Our wheat supply for the 1959-60 marketing year (began July 1) is going to be an alltime high. It is estimated at 2,404 million bushels, up 2 percent from the previous peak last year and up 29 percent from 1957-58. A 45-percent increase in the carryover from last year more than offsets the reduction in the crop.

Supply this year consists of the July 1 carryover of 1,277 million bushels, the crop estimated as of August 1 at 1,119 million bushels, and an allowance for imports of about 8 million bushels, mostly of feeding quality wheat.

Domestic disappearance in 1959-60 is estimated at about 626 million bushels, slightly below last year. Assuming exports of about 410 million bushels, somewhat smaller than the 443 million exported in 1958-59, the carryover July 1, 1960, would total about 1,370 million bushels.

Of the 1,277 million bushels carried over July 1, 1959, the Commodity Credit Corporation owned 1,147 million, 312 million above a year earlier and 323 million more than 2 years ago. Farmers held 39.1 million bushels of the 1958 crop resealed and 32.8 million still outstanding under loans and purchase agreements, 5.8 million of 1957-crop wheat under extended reseal and 1.3 million of the 1956 crop under reextended reseal. This left 50.9 million bushels of old-crop wheat in "free" supply on July 1, well above the 28 million bushels a year earlier, but below the 72 million 2 years ago.

Hard Red Winter wheat stocks, which represent about 73 percent of the carryover, totaled 932 million bushels, up 318 million from a year earlier. Hard red spring stocks were 245 million bushels, up 43 million, and White Wheat stocks were 61 million, up 28 million.

The carryover of soft Red Winter wheat increased to 19 million bushels, about equal to the 1943-52 average. Stocks on July 1, 1958, had fallen to the abnormally low level of 6 million bushels.

The carryover of durum was reduced from 26 million bushels to 20 million on July 1, 1959, because domestic disappearance exceeded production.

A further increase in the carryover of Hard Red Winter wheat of near 100 million bushels is in prospect for next July 1. Little or no change may occur in the case of soft Red Winter or White Wheat. Carryover stocks of Hard Red Spring and durum wheat are expected to be reduced because of smaller production.

U.S. wheat prices have been generally strong relative to the support level early this marketing year. This reflects withholding of wheat from market and reduced production from the record level of last year. Quantities not eligible for price support, because of seeding in excess of allotments, are much less than those for the 1958 crop, which were above any previous year.

As in recent years, prices are expected to strengthen after the heavy movement slackens following harvest, but the increase is likely to be less than last year. Reflecting the early season strength in market prices, the U.S. price to farmers in 1959-60 may average slightly higher than the \$1.72 last year, even though the support price of \$1.81 is down 1 cent.

Final results of the July 23 referendum in the 39-State commercial wheat-producing area for 1960 show that 80.8 percent of the farmers who participated voted in favor of marketing quotas on 1960-crop wheat. As a result of this vote, marketing quotas will be in effect for the 1960 crop.

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WHEAT—Continued

With the minimum national allotment in effect for 1960 and with 1956-59 average yields, a crop of about 1.2 billion bushels could be produced. A crop of this size would be about 8 percent larger than the 1959 crop and would again exceed domestic requirements and exports, resulting in a further increase in the carryover.

The "advance" minimum national average support price of \$1.77 per bushel for 1960-crop wheat was announced on July 8. It is 75 percent of the modernized parity price for wheat as of July 1959.

World wheat production in 1959 is expected to be above average, but well below the alltime record of a year ago. Prospects now indicate that the world total may be about 10 percent below 1958.

The outlook is for a considerably smaller crop in North America because of the reduction in the United States. The outturn in Western Europe may be about the same as in 1958, but prospects in Eastern Europe are much better than last year. Production in the Soviet Union is not expected to be up to the record level of a year ago. Conditions vary in Asia, with larger crops in India and Pakistan partly offset by a reduction in Turkey.

Current prospects for world trade in 1959-60 indicate a slight reduction from 1958-59. The primary basis for the expected reduction of possibly 20 to 30 million bushels in 1959-60 world trade volume is the improved crop situation in parts of Europe, particularly in France and Yugoslavia.

Smaller world import demand and increased competition from other exporters will probably mean a loss of 40 to 60 million bushels in United States and Canadian exports during 1959-60. The final reduction in exports of each country will depend primarily upon the success of special efforts to expand their shipments.

Robert Post
Agricultural Economics Division, AMS

USDA To Revise Lamb Grade Standards

Representatives of the meat and livestock industries and of USDA met at Kansas City last month to discuss various proposals to revise the U.S. standards for grades of lamb and mutton.

By October 1, USDA plans to publish an official proposal for revision of the standards, and by December 1 publish revised standards.

The Department invited suggestions for improving the lamb and mutton standards following consideration of a proposal, made by some lamb producers and industry groups, that Federal grading of lamb and mutton carcasses be suspended. Comments on this proposal, made by all segments of the industry and by consumers, favored, in the majority, continuing grading but revising the standards.

Federal lamb grading is a voluntary service performed by the Agricultural Marketing Service on a self-supporting, fee basis. It was started in 1931, at the request of the industry and has had a widening acceptance. Since 1952, about 35 percent of the total commercial production of lamb has been federally graded. In 1958, approximately 90 percent of the lamb graded was either Choice or Prime grade.



Check Your Mailbox . . .

You might find a 1959 Acreage Survey Card in your mailbox before too long. Please fill it out and mail it back promptly. The information you furnish will help the Crop Reporting Board make its annual summary on acreage, production, and yields.

WHAT MAKES SOYBEAN MEAL PRICES CHANGE?

Soybean meal has skyrocketed to importance as a livestock and poultry feed since the end of World War II. During the current feeding year (October 1, 1958, to September 30, 1959) about 9 million tons will be fed—some 55 percent of the high-protein feeds fed. This soybean meal is worth about \$500 million—among feeds purchased, second only to corn in dollar value. This rapid growth has stimulated interest among feeders and others in soybean meal prices. We've asked USDA feed specialist William Askew to answer some questions on the forces that influence these prices.

Q. Mr. Askew, what seems to influence soybean meal prices most?

A. There are three important factors—first, the total supply of soybean meal; second, the prices received by farmers for livestock and livestock products; and third, the production of commercial formula feeds.

Q. Are soybean meal prices affected by the total supply of all protein feeds?

A. Other protein feeds do not appear to be of major importance in influencing soybean meal prices. Soybean meal prices are more closely associated with the supply of soybean meal. This indicates that substitution between soybean meal and other feeds is somewhat limited.

Q. How do prices farmers receive for livestock and livestock products influence prices of soybean meal?

A. When farmers get good prices for their livestock and livestock products, they can pay more for purchased feeds and depend less on home produced grains and other feeds.

Q. Do favorable livestock-feed price ratios influence soybean meal prices?

A. They do not appear to influence soybean meal prices as much as the actual level of livestock prices, but they do encourage heavier feeding of purchased feeds.

Q. The production of prepared livestock and poultry feeds appears to have an important bearing on the demand and prices for soybean meal. Why?

A. Because over 85 percent of the soybean meal produced goes into commercially prepared feeds.

Q. Do changes in livestock and poultry numbers influence soybean meal prices?

A. Changes in numbers have not had an important bearing on soybean meal prices during the postwar period, but they do affect the demand for feed and the general level of feed prices.

Q. You've told us that the three main factors influencing soybean meal prices are soybean meal supply, prices received by farmers for livestock and livestock products, and commercial formula feed production. Can they be used to forecast soybean meal prices?

A. Yes, and this is the primary purpose for such work.

Q. Have you used these factors to estimate soybean meal prices?

A. Yes, we have—for each year from 1946 to 1957.

Q. How accurate were the estimates?

A. In 9 of the 12 years studied, the three factors discussed above gave an estimated price that differed by no more than \$6 per ton from the actual price. During 4 of the years, the price derived by using these factors was no more than \$4 above or below the actual price.

Q. Do Government support prices for soybeans affect soybean meal prices?

A. Support prices for soybeans do influence soybean prices. In some years supports influence the volume crushed and exported. This, in turn, influences production of soybean oil and meal and has a joint impact on prices of these products.

(continued on the next page)



MILK COW NUMBERS ARE DOWN AGAIN—WHY?

The number of milk cows on our farms showed another decline in June. The 2.4 percent reduction this year was nearer the average of other recent years than the 3.4 percent drop in 1958.

The number of milk cows has been declining steadily. With one exception, the number of milk cows has declined every year since 1944. The only increase was in 1953 following a year of high milk prices and during a period of sharply declining beef prices.

Beef prices, particularly when they go very high or very low, appear to influence the number of milk cows. The sharp beef price rise in 1958 apparently was a factor in causing the sharpest drop in milk-cow numbers since 1948. By 1959 farmers had adjusted partly to high beef prices and a smaller decline occurred. But heavy culling seems to be continuing.

The reduction in milk-cow numbers is also the result of farmers adjusting to the technological advances, including increased milk output per cow, and to the slight falling off in per capita demand for some milk products.

From 1920 to 1944 the number of milk cows increased almost every year. But since 1944 production per cow has been increasing and demand for total milkfat per consumer has declined, particularly in the form of butter.

To say that the number of milk cows is declining is not to say that the average size of herds is dropping. The number of farms keeping milk cows is dropping 4 or 5 percent a year. The fact that the decline in cows has averaged around only 2 percent indicates that the average herd size has been increasing.

Many of the technological improvements not only make it possible for a farmer to keep more cows, but some,

to be effective, require that he keep more. Moreover, emphasis constantly is on a more productive animal.

In the past year, the number of milk cows declined in all regions of the country except the Western States—where they gained 0.5 percent.

Over the past 15 years the largest drops in milk-cow numbers have been in the West North Central and South Central States. In these regions, the sale of farm separated cream for creamery butter was most important. And relatively attractive alternative enterprises were available for dairymen in that region.

Herbert C. Kriesel
Agricultural Economics Division, AMS

SOYBEAN MEAL—Continued

Q. Do feed grain prices and supplies influence soybean meal prices?

A. They do have some effect on prices of high protein feeds. However, their effect is greater on feeds of lower protein content.

Q. How are prices of soybean meal related to prices of other feeds?

A. As might be expected, prices of those feeds which are most nearly comparable to soybean meal in composition and feeding value are more closely associated with soybean meal prices. For example, cottonseed meal and linseed meal prices are more closely associated with soybean meal prices than fish or meat meal prices. About three-fourths of the variations in prices of both cottonseed meal and linseed meal were associated with variations in soybean meal prices. Fish and meat meal, high in protein content, are not considered close substitutes for soybean meal and showed little relationship to soybean meal prices.

"Bert" Newell's Letter

Since that picture and writeup of my award appeared in the Agricultural Situation, I hardly know what to say. It was all very nice and I appreciate every bit of it. But it scared me just a little bit, too. Now I feel like I have to hit on all eight cylinders all of the time in an effort to live up to that citation. But one of the most rewarding parts of the whole affair came later in the form of the fine letters so many of you took time out to write. "Thank you for every single one."

But now as the tumult dies I'll get out of orbit and try to put a few things back in proper perspective. This crop and livestock reporting service never has been, and never will be, a one-man show. I know full well that whatever success we have is the result of the efforts of a lot of people.

I was pretty proud of the fact that we had three others on our staff who were recognized at this ceremony, and in past years many others in the Agricultural Estimates family have received honor awards. It's very clear to me that we have a pretty good outfit in which everyone pulls together and each one takes a lot of pride in any recognition that comes to any one of the group.

So, while I happened to be singled out this year, I realize that it could never have happened without the support of our voluntary reporters; the cooperation of State departments of agriculture and State colleges; the vast corps of newspaper, radio, and TV writers who get the information out so fast and, of course, other workers in the Agricultural Marketing Service and the USDA who combine the agricultural estimates with other source information for the outlook, situation, and many other special analyses and reports. Recognizing all of these things, I would enjoy it more if you would accept a share and let's call it *our* Agricultural Estimates Award.

If you want to really appreciate the value of the agricultural estimates program, just go someplace where they don't have it. I have just returned from a trip to our 49th State—Alaska. I think I told you a little about it when I was up there last time. But I was impressed all over again with the country and the people. You are accepted at face value and as long as you are a decent sort of guy you will find plenty of friendly hands to give you an assist if you need it.

But on the agricultural estimating program, some people say that since they don't have much agriculture, why worry about the estimates. I guess the same thing could have been said about a good many States or Territories a hundred years ago when the continuing crop and livestock estimating program was just getting started.

Food is a necessity and no matter how much you have, a lot or a little, it's pretty important to know the facts. Alaska doesn't have those facts, and lacking that information proves to be a real handicap in many ways.

For example, in setting up a research program to develop better adapted crops, the research man needs background statistics on the situation and then current facts to follow progress. Or, in developing new industries, or new facilities, private capital is slow to move in without having all of the facts on which to base a decision.

There are hundreds of ways in which basic agricultural statistics are used in every phase of our economy. You really don't appreciate it quite as much, though, until a situation develops where this information we are so inclined to take for granted in 48 of the States is just not available.

Now, again, thank you for your many nice letters. I enjoyed the ceremony and the privilege of picking up *OUR* citation. I'll sure do my darndest to live up to it.



S. R. Newell
Chairman, Crop Reporting Board, AMS

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